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SENSITIVE
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TAGS: [KNNP](#) [ENRG](#) [AS](#)
SUBJECT: AUSTRALIA STUDYING NTI FUEL BANK PROPOSAL

REF: STATE 68313

1. Tim Bryson, Executive Officer, Arms Control Section of the Department of Foreign Affairs and Trade (DFAT), responded in writing on July 15 to Embassy's June 26 demarche urging the GOA to consider contributing funds to the Nuclear Threat Initiative (NTI) proposal for an IAEA-administered nuclear fuel bank in advance of the IAEA's General Conference in September. In his letter, copied to Ian Biggs, DFAT's Assistant Secretary for Arms Control and Nonproliferation, Bryson said that Australia believed current market conditions provided effective assurance of fuel supply and a practical alternative to states' acquisition of enrichment and reprocessing technologies but that Australia was consulting with the IAEA, the Nuclear Suppliers Group and GNEP to explore what could be done to enhance fuel supply assurance through multilateral approaches. In advance of those consultations, the GOA was not prepared to commit to NTI, he said.

2. The text of the message follows:

Begin text:

Australia supports the United States' commitment to establishing a multilateral framework for the nuclear fuel cycle that provides assurances against fuel supply disruptions and strengthens confidence in the nuclear non-proliferation regime. Australia recognizes the need for states with nuclear power programs to have a secure and reliable supply of fuel.

We believe current market conditions provide an effective assurance of fuel supply and a practical alternative to states' acquisition of enrichment and reprocessing technologies. However, in light of concerns expressed by a number of countries about the security of future supplies, we are prepared to examine what can be done to enhance this assurance through multilateral approaches. Australia is therefore consulting with other producers, the IAEA, the Nuclear Suppliers Group and informal groups such as the Global Nuclear Energy Partnership on how such assurances might work in practice before committing to any particular initiative.

Australia will continue to apply the highest standards of non-proliferation, safety and security to our involvement (principally through uranium exports) in the peaceful applications of nuclear energy in accordance with our Nuclear Non-Proliferation Treaty commitments. We appreciate the close relationship between Australia and the United States on these issues and look forward to working together in achieving our common goals of global non-proliferation.

End text.

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